



**Louisiana Department of Health**  
**Health Plan Advisory 15-17**  
**Revised February 23, 2018**

**“In Lieu of” Behavioral Health Services**

The Louisiana Department of Health (LDH) supports utilization of the “in lieu of” behavioral health services provided by Magellan prior to integration of specialized behavioral health services. Based on Magellan’s claims data since March 1, 2012, “in lieu of” services have been cost effective and have increased community based services, while reducing high cost inpatient and residential care.

The authority for “in lieu of” services is 42 CFR 438.3. Capitated health plans — unlike the fee-for-service Medicaid Program or a Primary Care Case Management (PCCM) Medicaid delivery model — may also provide “in lieu of” services, which are health related services that directly replace state plan services, which are included in the state capitated rate, **but are more cost-effective or efficient**. The flexibility of this approach allows a health plan to, for example, pay for home and community-based services in lieu of providing more costly institutional services. The state does not pay for these services explicitly but can include payment for them in the capitation rate for the state plan services, which they would replace.

LDH has approved the following “in lieu of” services and variances in Medicaid published fee schedules requested by Magellan, previously operating as Louisiana’s specialized behavioral health managed care entity. These successful “in lieu of” services have previously been approved in the behavioral health system.

- 1. Residential Substance Use Treatment Facilities for Medicaid Eligible Adults (Age 21 and Above)** – Prior to March of 2012, this population was treated in residential programs not eligible for Medicaid reimbursement. As in the fee-for-service Medicaid system, some residential substance use treatment facilities are considered Institutions for Mental Diseases (IMD) because of the number of beds and the population served. However, without use of these facilities, members will be treated in more costly acute

detox settings, and members will remain in hospital emergency departments while awaiting available beds. This service reduces emergency department consumption, increases substance use treatment bed capacity, and provides a less costly alternative to general bed placement.

2. **Utilization of Freestanding Psychiatric Hospitals instead of General Hospital Psychiatric Units for All Medicaid Eligible Adults (Age 21 and Above)** – The purpose of this alternative service is to assist adult Medicaid members ~~including 1915(i) waiver eligibles~~ with significant behavioral health challenges. In fee-for-service Medicaid, this population was treated in more expensive general hospital psych units which created access issues as beds in this setting were limited. Members often remained in emergency departments while waiting for available beds, thereby increasing costs to the healthcare system as members utilized those medical resources while awaiting beds in general hospitals. Use of freestanding psych units reduces emergency department consumption, increases psychiatric bed capacity and provides a less costly alternative to general hospital beds.
3. **23-Hour Observation Bed Services for all Medicaid Eligible Adults (Age 21 and Above)** – Currently utilized by the managed care organizations.
4. **Crisis Stabilization Units for All Medicaid Eligible Adults (Age 21 and Above)** – The use of Crisis Stabilization Units for the adult Medicaid population is to assist those members with urgent or emergent needs who are in crisis and who have need of further stabilization. Use of these units is a key component in the crisis continuum and serves those who can be diverted from an emergency department or inpatient hospitalization, or can be “stepped down” from current inpatient hospitalization. Units are staffed year-round with treatment available every day of the week.
5. **Peer Support Services for All Medicaid Eligible Adults (Age 21 and Above)** – Services are non-clinical, face-to-face services, designed to provide collegial support to promote recovery, resilience and wellness. Services are grounded in the unique shared experience of living with a behavioral health condition or co-occurring disorder. This evidenced-based practice builds upon the continuum of care necessary to help each individual realize his or her own recovery and wellness pathways through mentoring, navigating, advocacy, sharing learning and life planning. Services are adjunct and complimentary to clinical services.
6. **Injection Services Provided by Licensed Nurses to All Medicaid Eligible Adults (Age 21 and Above)** – Many members are unable or unwilling to take oral psychotropics, or their mental status indicates a need for injectable medication to ensure compliance and

stability. Embedded in the cost of many evaluation and management coded visits is the cost of providing injectable medications. Allowing licensed nurses instead of physicians to perform this service delivery results in the most cost efficient and least costly service delivery and helps to ensure compliance. The goals are reducing subsequent office visits and reducing hospitalizations due to lack of compliance.